

VERMONT SYSTEM PLANNING COMMITTEE

**Administered by:
Vermont Electric Power Company, Inc. – VELCO
366 Pinnacle Ridge Road
Rutland, Vermont 05701**

REQUEST FOR PROPOSAL

TO PERFORM A STUDY OF THE
POTENTIAL IN VERMONT FOR
ELECTRICITY GENERATION FROM
COMBINED HEAT AND POWER
AND CUSTOMER-SITED GENERATION

Date Issued: June 25, 2010

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Solicitation: VSPC 2010-01

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1.0 INTRODUCTION AND OBJECTIVE

This Request for Proposal (RFP) solicits proposals to perform a study of the potential in Vermont for electricity generated from combined heat and power and customer-sited generation. The results of the study should inform electric utility assessment of whether combined heat and power and/or customer-sited electricity generation may be viable alternatives to a distribution or transmission project. Proposals must be received by Vermont Electric Power Company, Inc. (VELCO) at the address set forth in Section 3.1 not later than July 23, 2010.

1.1 ROLE OF THE VERMONT SYSTEM PLANNING COMMITTEE IN THE PROJECT

This RFP is issued by VELCO in its role as administrator for the Vermont System Planning Committee (VSPC). VELCO will enter into and manage the contract awarded pursuant to this RFP. The VSPC has appointed a contract oversight working group which will participate in review of proposals, selection of a contractor, contract management and contract supervision. Where the RFP and any attachments refer to contractor selection and contract supervision by VELCO, these actions shall include the VSPC working group.

1.2 PROJECT BACKGROUND

The VSPC¹ is the cornerstone of a collaborative process for electric transmission system planning. The process was created through a Memorandum of Understanding (MOU), approved by the Vermont Public Service Board in Docket 7081, to ensure “full, fair and timely consideration cost-effective non-transmission alternatives.” The VSPC’s voting members include all Vermont’s electric distribution utilities and VELCO, plus three public members, appointed by the Board to represent residential customers, commercial customers and the environmental community respectively. The Department of Public Service, the statewide Energy Efficiency Utility, and the entity appointed to foster the development of renewable energy contracts, called the SPEED Facilitator, hold non-voting seats. The group meets quarterly to review utilities’ analyses, planning and cost allocation proposals to resolve reliability deficiencies identified by the utilities and VELCO.

The VSPC operates on a cycle that begins with the publication by VELCO of three-year updates of its 20-year Vermont Long-Range Transmission Plan. The plan identifies transmission system reliability deficiencies based on projected load growth. Once a plan update is finalized, following VSPC and public input, each reliability deficiency becomes the subject of study to determine whether non-transmission alternatives, including generation and energy efficiency, could avoid or defer the need for transmission upgrades.

Six subcommittees support the VSPC, convening as needed between full Committee meetings. The most active of these groups is the Energy Efficiency and Forecasting Subcommittee. The EE&F Subcommittee provides the VSPC with technical guidelines for performing load forecasts,

¹ For more information about the VSPC see <http://www.vermontspc.com>

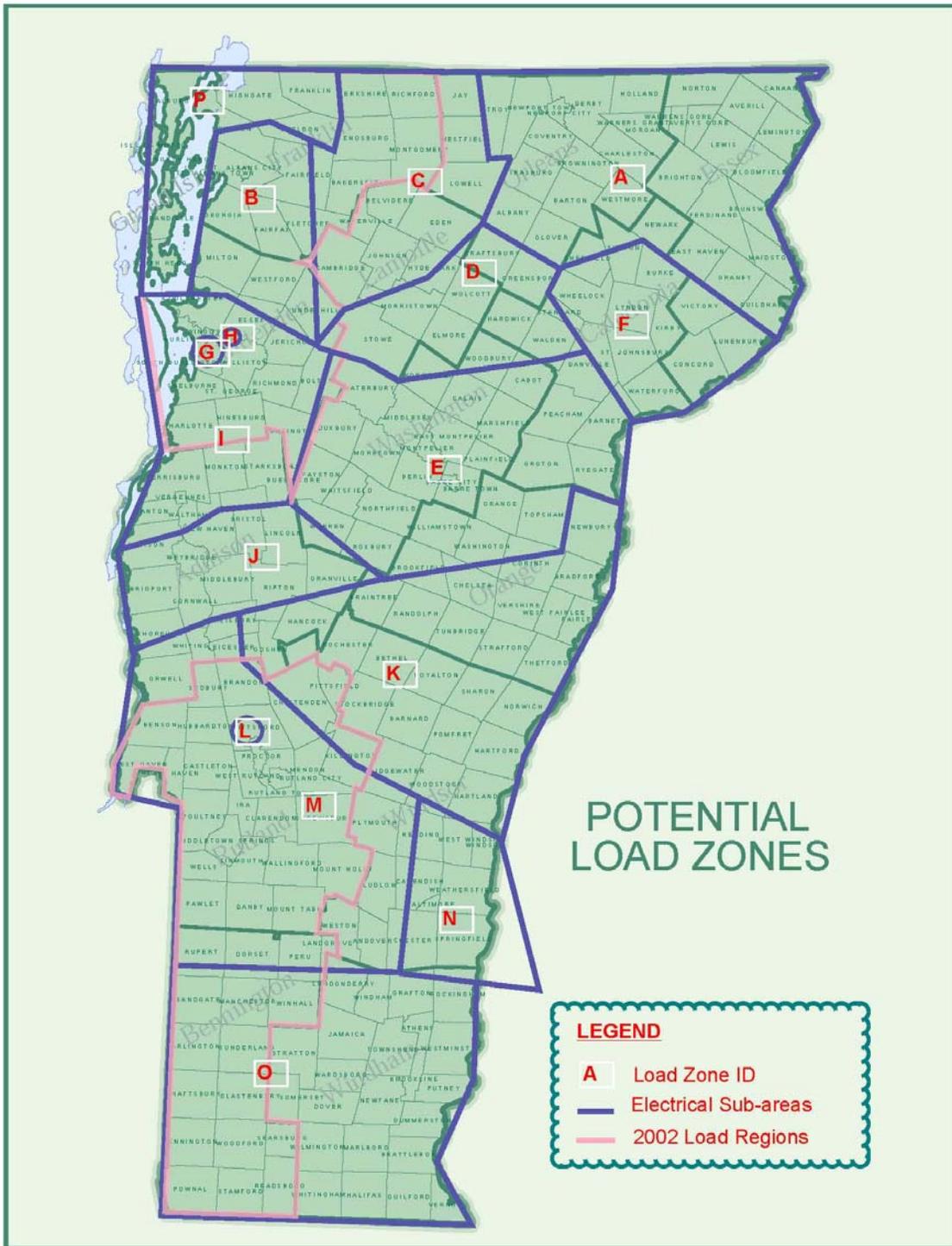
especially with regard to the incorporation of Demand Side Management and Demand Response programs. The subcommittee has been charged with overseeing the studies that are the subject of this RFP.

The MOU in Docket 7081 includes a provision that the VSPC must undertake by July 1, 2010

a statewide DSM potential study (including efficiency measures & CHP/customer-sited generation) broken down by select area load zones within Vermont. This would either be new or a revision to that done for the DPS. The study results would be used in both the preliminary and detailed NTA analyses.

This provision is the basis for the current RFP. The Public Service Board issued an order on April 15, 2010, allowing the VSPC to give a sole source contract to the Vermont Energy Investment Corporation for the study component involving the potential for savings from efficiency measures. In light of that order, this RFP addresses only the CHP and customer-sited generation portions of the study requirement.

In 2008, the VSPC divided the state into geographical load zones that have since been used for a variety of analyses related to load forecasting and transmission planning. The map of those load zones appears on the following page.



2.0 DOCUMENTS INCLUDED IN THIS RFP

- Master Agreement
- Schedule A – Scope of work, timeline and pricing
- Schedule B - Special Conditions

3.0 INSTRUCTIONS FOR SUBMITTAL OF PROPOSALS

3.1 DELIVERY

Proposals must be submitted electronically by email to dfrankel@velco.com. Preferred formats are Microsoft Office or Adobe Portable Document Format (PDF). Submissions and questions will be acknowledged within the same business day. Questions about the RFP will be answered in writing, copied to all RFP recipients, as described in section 3.2 below.

3.2 RESPONSES TO POTENTIAL BIDDERS' QUESTIONS

Questions about the RFP submitted in writing to dfrankel@velco.com up no later than noon, Eastern Daylight Time, July 12, 2010, will be answered in writing by close of business July 16 with the compiled questions and answers distributed to all known RFP recipients and any requesting party.

3.2 WORK BY OTHERS

The Proposer shall specifically identify any work or activities that it assumes or proposes to be performed by others and it shall identify any interfaces and requirements to ensure integration between the Proposer and others.

3.3 EXECUTION

Each Proposal shall be submitted electronically by a person or persons legally authorized to bind the Proposer. If requested, satisfactory evidence of the authority of any signatory on behalf of the Proposer shall be furnished. Upon demand, the names and addresses of all members, officers and directors of the Proposer shall be provided.

3.4 PROPOSER'S REPRESENTATIONS

By submission of a Proposal in response to this request, the Proposer represents (1) that it has familiarized itself with this RFP, with all applicable laws and regulations, and with all conditions whatsoever that may affect the time, manner, cost or difficulty of completing the Work; (2) that the Proposal is genuine, is not made in the interest of or on behalf of any undisclosed person or entity,

and is not submitted in collusion with any other person or party or in conformity with any agreement, rule or practice of any group, association, organization, corporation or entity; (3) that the Proposer has not directly or indirectly induced or solicited any person or entity to refrain from submitting a Proposal, and has not sought by collusion or fraud to obtain for itself any advantage over any other Proposer, or over VELCO; and (4) that the Proposer has examined and is familiar with the its Proposal and is ready and willing to perform same.

3.5 DISCREPANCIES IN RFP

Should the Proposer find discrepancies in, or omission from, any part of this RFP, or should a Proposer be in doubt as to the meaning of any part thereof, the Proposer should immediately notify VELCO in writing and obtain clarification in writing, prior to submitting a Proposal. Failure to do so will not relieve the Proposer from the responsibility for properly estimating the difficulty or the cost of successfully completing the Work.

3.6 WITHDRAWAL OF PROPOSAL

No Proposal may be withdrawn for a period of sixty days after the scheduled closing time for the receipt of proposals

4.0 PROCESSING OF PROPOSALS

4.1 OPENING—RIGHT OF REJECTION

Proposals will be opened privately by VELCO. VELCO reserves the right to reject any or all Proposals. Proposals must be submitted prior to the deadline. Proposals shall be opened so as to avoid disclosure of their contents to competing Proposers.

4.2 DEFECTIVE PROPOSALS

Proposals which are incomplete, conditional, obscure, received after the date and time set forth in Section 3.0 or which contain additions not called for, alterations or irregularities of any kind, or which do not otherwise comply with this RFP may be rejected at the option of VELCO.

4.3 EXCEPTIONS. ACCEPTANCE. AGREEMENT

If Proposer takes exception to any of the contract terms as offered, it shall state its exceptions and the reasons therefore in its bid. Otherwise, any exceptions are deemed to be waived. If VELCO decides to accept a Proposal as tendered and without modification, it will deliver a Notice of Acceptance to the Proposer submitting such Proposal, and thereupon, VELCO and the Proposer shall be bound by the terms of RFP (which shall be deemed to include each document identified in section 2.0 hereof) and of the Proposal, and those documents shall, except for subsequent modifications, be deemed to express the entire agreement between the parties. If VELCO proposes to accept a Proposal with modifications thereto, and if such modifications are acceptable to the Proposer, then the parties shall execute a separate agreement that shall state the extent to which

the terms of this RFP and/or the Proposal are altered, deleted, or otherwise amended. Such separate agreement, the RFP and the Proposal shall then, except for subsequent modifications, be deemed to express the entire agreement between the parties.

4.4 CHANGE IN SCOPE OF WORK AND SCHEDULE OF PERFORMANCE

VELCO reserves the right to change the Scope of Work (Schedule A) and Schedule of Performance (Schedule C) at any time prior to entering into a contract with Proposer, and in a manner that VELCO determines to be in its best interests, provided that in the event VELCO makes such a change, the Proposer will be allowed a reasonable period of time in which to amend its bid.

4.5 EVALUATION OF PROPOSALS

Proposals will be evaluated on the basis of price, VELCO's assessment of the Proposer's ability to perform the Work in conformance with high standards of quality, the methodology that will be employed to conduct the study and in conformance with the Schedules attached hereto, the evaluation criteria listed below, and the willingness of Proposer to accept VELCO's contract terms as offered herein and therein. The Contract will be awarded to the Proposer whose Proposal is determined to be in the best interests of the VSPC. The decision of VELCO as to which Proposal is in its best interest will be final. A more detailed description of the evaluation criteria can be found in Schedule A, Section 8, "Evaluation Criteria"

4.6 INTERPRETATION OF RFP

No oral interpretations will be made to any Proposer as to the meaning of the RFP. Any request for interpretation or clarification must be submitted via email and forwarded to VELCO five or more days before the date fixed for receipt of Proposals. Every interpretation or clarification made to a Proposer will be in the form of an addendum to the RFP, which if issued, will be sent as promptly as is practical to all persons to whom the RFP has been issued.

4.7 POST-AWARD MEETING

VELCO will conduct a post-award meeting with the successful Proposer(s) at which details of project execution will be reviewed.

4.8 COSTS OF RFP PROCESS

All costs incurred directly or indirectly by the Proposer in the preparation and presentation of the Proposal shall be the responsibility of the Proposer.

4.9 LIST OF SUBCONTRACTORS AND SUPPLIERS

The Proposer shall submit a list of all subcontractors proposed for the Work. An experience statement shall accompany such list, with pertinent information regarding similar projects and other evidence of qualification for each such subcontractor or major supplier. If VELCO has an

objection to any proposed subcontractor or supplier it may, before Notice of Award is given, request the Proposer to submit an acceptable substitute.

AGREEMENT FOR SERVICES

Between

Vermont Electric Power Company, Inc.

And

[NAME OF CONTRACTOR]

This Agreement (the “Agreement”) is made between **Vermont Electric Power Company Inc.**, a Vermont limited liability company with a principal place of business at 366 Pinnacle Ridge Road, Rutland, Vermont 05701 (hereinafter “VELCO”) and [name of contractor], a [structure], with a principal place of business at [address] (hereinafter “Contractor”) and shall be deemed to be in effect as of [effective date] regardless of the date or dates on which it is executed by the parties.

Whereas, VELCO requires certain services to wit a Study of the Potential in Vermont for Energy Generation from Vermont Combined Heat and Power and Customer-Sited Generation, the provision of which being hereafter referred to as the “Work,” and

Whereas, Contractor is willing to provide the Work on the terms hereinafter provided,

Now, Therefore, VELCO and Contractor agree as follows:

ARTICLE I. Performance By Contractor

Contractor shall perform the work in accordance with the provisions of Schedule A, Scope of Work, Project Timeline and Payment Terms, attached hereto and made a part hereof. Contractor shall commence the Work upon receipt from VELCO of a written notice to proceed. Time is and shall continue to be of the essence in the Agreement.

ARTICLE II. Compensation

As compensation for the Work, VELCO shall pay to the Contractor the sum stated or derived by the method set forth in Schedule A, Scope of Work, Project Timeline and Payment Terms, attached hereto and made a part hereof.

ARTICLE III. General Conditions

The general conditions for the Agreement are set forth in Schedule B, General Conditions, which is attached hereto and made a part hereof (hereinafter the "General Conditions"). Wherever possible, the General Conditions and the other Schedules should be interpreted to be consistent with one another, but in the event of an irreconcilable conflict, other Schedules shall control over the General Conditions.

ARTICLE IV. Authority

VELCO and Contractor each hereby represent and warrant that it has full power and authority to carry on its business and to enter into the Agreement and to perform all of its obligations hereunder.

ARTICLE V. Execution in Counterparts; Facsimile or Image

The Agreement may be executed in counterparts, each of which, when executed and delivered, shall be deemed an original, but with all counterparts together constituting one and the same instrument. The parties further agree to accept facsimile or imaged copies of the Agreement pages as legally binding.

ARTICLE VI. Entire Agreement

The Agreement, including the Schedules, exhibits, documents, certificates, forms and instruments referred to herein or therein, embodies the entire agreement between the parties hereto and may be modified only pursuant to a written Change Order, and supersedes and replaces all prior writings, negotiations, discussions, requests for bids, purchase orders, and other understandings with respect to the transactions contemplated hereunder.

In Witness Whereof, VELCO and Contractor have executed this Agreement as of this ___ day of ___, 201_.

Vermont Electric Power Company Inc.

Signed: _____

Name:

Title:

Contractor

By: _____

Name:

Title:

SCHEDULE A: SCOPE OF WORK, TIMELINE AND PAYMENT TERMS

AGREEMENT TO PERFORM A STUDY OR STUDIES OF THE
POTENTIAL IN VERMONT FOR ENERGY GENERATION FROM

COMBINED HEAT AND POWER
AND CUSTOMER-SITED
GENERATION

Between

Vermont Electric Power Company Inc.

And

[Contractor Name]

DESCRIPTION OF THE WORK

The purpose of the study addressed by this Scope of Work is to assist electric utilities in assessing whether both large and small combined heat and power (CHP) and/or customer-sited generation may be viable alternatives to a distribution or transmission project, if supported with ratepayer dollars. The work described herein is intended to fulfill, in part, the requirements of the Docket 7081 MOU described in Section 1.0 of the RFP for this project. Proposals should describe the approach the Contractor will take to fulfill the scope of work.

The selected Contractor will provide services to VELCO in accordance with this scope of work. Contractors may respond to either Part 1 or Part 2 of this scope of work. Preference may be given to those Contractors who are able to complete both Part 1 *and* Part 2. Reporting for both segments of the scope of work should follow the general guidelines described herein.

PART 1- POTENTIAL FOR CHP IN VERMONT

The selected contractor will provide the VSPC with an estimate of the annual electric energy and demand savings potential resulting from the installation of CHP generation in Vermont over 20 years. The analysis should:

- a. Identify existing CHP installations in Vermont (both operating and non-operating) and determine their current cost effectiveness, operating reliability and any other parameters that would be helpful for this study. For non-operating or abandon CHP installations, identify the reasons these installation are no longer operating and what would need to change for them to operate again.
- b. Identify the CHP technologies most likely to be available to Vermont customers.
- c. Determine the electrical and thermal profile necessary for CHP to be cost effective using the Vermont Societal Test and the Total Resource Cost Test and Utility Test.
- d. Identify potential, both in terms of annual kWh and kW at the Vermont summer and winter peak, at the customer meter.

- e. Identify generic residential, commercial and industrial and customer types where CHP could be cost-effective based on the profiles developed in c.
- f. Identify both technical potential and economically achievable potential of CHP by load zone using the Vermont Societal Test, the Total Resource Cost Test and the utility test. For this task, the proposer should recommend methods by which the potential could be estimated within the load zone breakdown. Final scope of this sub task will be determined following the post-award meeting.
- g. Estimate potential using varying scenarios relating to incentive levels, market awareness, and cost-effectiveness.
- h. For the tasks above it will likely be necessary to break the analysis down by size of CHP installation. Proposals can suggest the break points and reason for them. Ultimately the successful bidder will work with VELCO to determine these break points.
- i. Identify by customer class market and technical barriers to deployment of CHP and suggestions of how to overcome those barriers

The respondent should strive to leverage existing data and reports available to the extent possible, such as market assessments completed by the Department of Public Service http://publicservice.vermont.gov/energy/ee_perfomanceevaluation.html

PART 2 – POTENTIAL FOR CUSTOMER-SITED GENERATION

The selected contractor will provide the VSPC with an estimate of the annual energy and demand potential for customer-sited generation installations in Vermont over 20 years. The analysis should:

- a. Describe the technologies most likely to be available to Vermont customers.
- b. Identify the potential for customer-sited generation with regards to both technical potential and economically achievable potential vis a vis the Vermont Societal Test and the Total Resource Cost Test.^{2,3}

² The Societal Test measures the net costs of a resource option based on the total costs of that measure, including externalities, attempting to quantify the change in total resource costs to society as a whole (rather than to only an individual utility or service territory as a Total Resource Cost test). The Vermont Public Service Board has cited the following as ‘societal benefits’ in Docket 5270: reductions in acidic precipitation, carbon dioxide and other greenhouse gases, reduction in habitat destruction, and reduction in nuclear waste disposal risks. These are the types of benefits or costs to be included in the Societal test. See Attachment A: Treatment of Environmental Externalities in the Vermont Societal Cost Effectiveness Test for more detail.

³ Sustainably Priced Energy Enterprise Development (SPEED) goals in Vermont require renewable resources to serve electric energy load growth from 2005 through 2012. CHP can offset the need by reducing sales. A feed-in-tariff for 50 MW of new renewable resources has been established to stimulate development at prices that support costs plus a reasonable return. While these initiatives do not affect societal cost effectiveness, they may affect whether a project is achievable economically. Respondents should describe how they propose to factor these initiatives into their analysis. See <http://vermontspeed.com>.

- c. Estimate potential using varying scenarios relating to incentive levels, market awareness, and cost-effectiveness.
- d. Identify potential, both in terms of annual kWh and kW at the Vermont summer and winter peak, at the customer meter.
- e. For the tasks above it will likely be necessary to break the analysis down by size of installation. Proposals can suggest the break points and reasons for them. Ultimately the successful bidder will work with VELCO to determine these break points.
- f. Estimate potential by load zones (described above). For this task, the contractor should provide varying methods by which load zone breakdown could occur. Final scope of this sub task will be determined following the pre-award meeting.

The respondent should strive to leverage any and all existing data and reports. For instance: [Vermont Sustainable Jobs Fund reports](#); VELCO [non-transmission alternatives study for the Southern Loop](#); VELCO [distributed generation study for the Southern Loop](#).

PART 3 – REPORTING

The selected contractor(s) will report provide:

- a. A draft report for review by VELCO, the VSPC and other stakeholders that the VSPC identifies.
- b. Presentations to the VSPC and the Energy Efficiency & Forecasting Subcommittee of the subcommittee and VSPC.
- c. A final report incorporating comments received from stakeholders.

Each report will include, at a minimum (proposals should describe any additions to the listed sections):

- a. An executive summary.
- b. Description of approach.
- c. Main body – presentation of results.
- d. Appendices containing data or other relevant information including a concise list of assumptions that were used in the study.

PROJECT MANAGEMENT

The Contractor shall designate one project manager who will oversee activities described and act as the point of contact for the Contract Manager. The selected contractor's project manager will be responsible for delivering specific activities encompassed in this RFP.

Management responsibilities include regular project updates with the Contract Manager. At least bi-weekly, the Contractor and the Contract Manager will have a conference telephone call in which the Contractor will provide a project progress review. In addition, the Contractor shall prepare a monthly written progress report indicating progress over the prior month, the planned activities for the next month, any issues that need to be addressed with suggested in-budget resolutions. These reports must be filed with the Contract Manager by the tenth day of the month. Contractors must be available monthly for a meeting with all Parties involved in the study, as needed.

CONFLICT OF INTEREST AND CONFIDENTIALITY

Because the data acquired under this program is intended for use to assist the VSPC in resource planning, it is imperative that Contractor(s) reveal any connections they or any sub-contractors have to utilities in Vermont. The Contractor is required to reveal any other potential conflicts of interest in the proposal.

As some information used in development of this study may be confidential, the contractor may be required to sign and abide by a confidentiality agreement provided by VELCO.

WORK SCHEDULE AND TASKS

Work on this project must commence as soon as the Contractor is retained. As part of the response to this RFP, Proposers will outline a tentative schedule to be followed throughout the project. Final timing will be determined at the kick off meeting following contract award.

Within two weeks after contract is awarded, the selected Contractor shall meet, in person or by conference call (at the discretion of VELCO), with VELCO for a post-award meeting to ensure there is a common understanding of the project's needs and the proposed work efforts and products.

Following the post-award meeting, a revised work plan documenting the common understandings between the Contractors and the VSPC should be submitted. This plan will present the detailed schedule for completion of interim products and timelines for final work products.

DATABASES FROM PROJECT

All data and information collected in relation to this project shall be entered into an electronic database(s) and provided to VELCO to support additional analysis by VSPC or appropriate stakeholders and to support future studies. Data entry procedures shall be developed to ensure data quality and consistent entry of all fields. Data and information shall be submitted VELCO in a

mutually acceptable, commonly usable electronic format, along with a documented data dictionary describing the database contents.

BUDGET

Proposals in response to this RFP should not exceed \$125,000 for combine Part 1 and 2.

GENERAL REQUIREMENTS AND EXPERIENCE SOUGHT

The Contractor hired must meet the following General Requirements:

1. Potential Contractors, or teams of Contractors, must have extensive experience and abilities in combined heat and power applications and/or customer-sited generation installations, including potential study design, analysis, and reporting.
2. Contractor(s) must be available to begin work immediately after the contract is awarded and commit to work completion by timelines specified.

CRITERIA FOR SELECTION

VELCO will evaluate the Proposers' proposals according to the criteria listed below. The order of the listed criteria is not necessarily reflective of their relative importance:

1. Responsiveness/thoroughness, practicality, and flexibility of the proposed approach in meeting the objectives and for completing the tasks described in this RFP.
2. Experience of key personnel and the proposed staffing plan of the Proposer, including staff assignments.
3. Experience of the Contractor in successfully completing similar potential studies and ability to provide on-time, in-budget work.
4. The proposal presentation with respects to the following presentations/discussions:
 - Technical expertise to conduct the required analysis.
 - Clear understanding of study requirements.
 - Ability to provide high-quality written analysis and reports.
 - Quantity and quality of work relative to specified budget.
5. Price.
6. Location of Contractors and proximity to Vermont.
7. Quality and completeness of the proposal (in terms of coverage, organization, graphics, grammar, spelling, etc.). The quality of the proposal (along with the sample report) will be considered an indication of the likely appearance of deliverables from the Proposer.

THE PROPOSAL SUBMISSION

The proposal should present a clear understanding of the issues to be addressed and a description of how the Proposers proposed approach accomplishes the tasks outlined in the scope of work. The proposal should be structured to provide the following sections:

1. Introduction: The introduction should present the metering and analysis team and provide general information about the team and how the team will approach the project.
2. Understanding of the project goals and associated issues: This section should provide a discussion of the project goals and the key associated issues. The purpose of this section is to allow the VSPC to judge the Proposer's understanding of the goals that need to be addressed.
3. Overview of the proposed approach.
4. Detailed Task descriptions: This section should present the individual tasks proposed in order to complete the project. The tasks should be descriptive in enough detail that the VSPC can understand how the analysis will be conducted.
5. Descriptions and examples of similar projects.
6. Qualifications of firm(s): This section is provided to allow the Proposer to present any corporate qualifications that are in addition to the above descriptions.
7. Qualification of individuals: The proposal should detail the individuals to be assigned to the tasks described and include a resume for each of the key individuals involved in the project.
8. Management and staff structure: The proposals should clearly define the team's management and operational structure.
9. References: The Proposer should provide at least three references of similar work for other clients. The references should include a brief description of the project including the name, address, telephone number and e-mail address of the client's representative for the referenced project.
10. Timeline.
11. Task and total project budget that includes a listing of all staff assigned to the project and their time allocations and billing rates.
12. Attachment A: Sample report from prime Contractor.
13. Attachment B: Other attachments as needed.

TERMS AND CONDITIONS

1. Proposers must provide an hourly rate for various personnel to be assigned to each task identified in the proposal. While actual hours by task cannot be known with precision in advance, a best estimate should be provided with the proposal. A final "not to exceed" budget figure will be established in the Terms and Conditions of the contract with the successful Proposer.
2. Ownership of work products will vest with VELCO as the administrator for the VSPC. Any and all work products will be delivered to the VELCO upon termination of the project.
3. Contractors(s) may be required to enter a confidentiality agreement to protect certain customer specific information from public disclosure.
4. VELCO reserves the right to amend or cancel this RFP at any time prior to contract execution if the best interest of represented ratepayers requires such action.
5. The VELCO reserves the right to reject any or all proposals and to waive informalities and minor irregularities in proposals received and to accept any portion of a proposal if deemed in the best interest of the State ratepayers.
6. News releases pertaining to this RFP, contract award, or the Project shall NOT be made without prior written approval from the VELCO.

7. Selection of the winning Proposer will be made based on the sole opinion of the VELCO that the proposal submitted will be the most advantageous for State ratepayers.
8. VELCO reserves the right to make a selection without further discussion of proposals received. Therefore, it is important that each proposal be submitted in the most complete and accurate manner possible.
9. VELCO reserves the right to cancel any contract resulting from this RFP, for cause, as will be defined in the Terms and Conditions of the final contract.

VELCO, the VSPC and its members assume no liability in any fashion with respect to this RFP or any matters related thereto. All prospective service providers and their assigns or successors, by their participation in the RFP process, shall indemnify, save and hold the VELCO, the VSPC, its members, and their employees, attorneys, and agents free and harmless from all suits, causes of action, debts, rights, judgments, claims, demands, accounts, damages, costs, losses and expenses of whatsoever kind in law or equity, known and unknown, foreseen and unforeseen, arising from or out of this RFP and/or any subsequent acts related thereto, including but not limited to the recommendation of a service provider and any action brought by an unsuccessful prospective service provider.

PROJECT TIMELINE

Proposal issued	June 25, 2010
Questions about the RFP received by	July 12, 2010 Noon EDT
Responses to bidder questions out to all known RFP recipients and interested persons	July 16, 2010
Proposals due	July 21, 2010, midnight EDT Electronic via Email
Bid Award	Approx. July 30, 2010
Post-award meeting(s)	Approx. August 6, 2010
Semi-Monthly Status Report	First and fifteenth of each month during project
Monthly meetings	Monthly during project
Draft Report Due	TBD. No later than October 1, 2010
Final Report Due	TBD. No later than November 15, 2010

SCHEDULE B: GENERAL CONDITIONS

Agreement For
Consulting Services
Between
Vermont Electric Power Company Inc.
And

Schedule B – General Conditions

1. General

Capitalized terms not expressly defined herein shall have the meaning ascribed to them in the Agreement. All references to Schedules are Schedules to the Agreement. Acceptance of the Agreement by Contractor is expressly conditioned on Contractor's assent to these General Conditions. Any additional or different terms proposed by Contractor are expressly rejected and will not be binding upon VELCO unless agreed to in writing by VELCO.

2. Independent Contractor

For the purposes of the Agreement and all Work to be performed hereunder, Contractor shall be an independent contractor and not the agent or employee of VELCO, the VSPC, or any members thereof. Accordingly, all persons employed or retained by Contractor in connection with the performance of its obligations hereunder shall be its employees or those of its subcontractors or suppliers, as the case may be, and not the employees or agents of VELCO, the VSPC, or any members thereof in any respect. Contractor shall have no authority whatsoever to make any statement, representation or commitment of any kind, nor to take any action, which may be binding on VELCO, the VSPC, or any members thereof except as may be expressly provided for in the Agreement, or as expressly authorized in writing by VELCO. VELCO and Contractor each agree that it has entered into the Agreement on its own behalf, and not on behalf of its affiliates. Contractor shall have no recourse against any of VELCO's or the VSPC's affiliates, members, partners, joint venturers, shareholders, officers, directors, or employees for any reason, other than as set forth in the Agreement.

3. Changes in the Scope of the Agreement

VELCO may, at any time, and from time to time, make changes in the scope of the Agreement through additions, deletions or other revisions, including, but not limited to, (i) changes in descriptions within Schedule A to the Agreement; (ii) suspension of the performance of all or any

portion of the Work to be performed under the Agreement, and/or (iii) changes in the scheduling or delivery of Work under this Agreement. Contractor shall have the right at any time to request such changes. VELCO shall accept or reject such changes in its sole discretion. No such changes shall be made except under a written change order by VELCO, signed by Contractor. Any claim by Contractor for an extension of time under Schedule C to the Agreement or adjustment to the Price caused by a Change Order shall be submitted to VELCO by the Contractor promptly upon receipt of the Change Order, but in no event later than ten working days after receipt of the Change Order. Upon receipt of a Change Order issued by VELCO, the Contractor, without delay, shall proceed with execution of such Change Order according to its terms and without regard to the status of any claim for extension of time or adjustment to the Price. If the Change Order increases or decreases the cost of the Work to be supplied or the time for performance, an equitable adjustment shall be made to the Price or the Timeline. In the event that the Change Order suspends the performance of all or any portion of the Work to be performed under the Agreement, Contractor shall, unless the Change Order requires otherwise: (i) immediately discontinue the Work on the date and to the extent specified in the Change Order; (ii) place no further orders or subcontracts for material, services, or facilities with respect to suspended Work other than to the extent required in the Change Order; (iii) promptly make every reasonable effort to obtain suspension upon terms satisfactory to VELCO of all orders, subcontracts and rental agreements to the extent they relate to performance of suspended Work; (iv) continue to protect and maintain the Work including those portions which have been suspended; and (v) take any other reasonable steps necessary to minimize costs associated with such suspension. Upon receipt of a Change Order to resume suspended work, the Contractor shall immediately resume performance under the Agreement to the extent required in the Change Order, subject to a reasonable allowance of time for the Contractor to remobilize. Any claim for extension or adjustment by Change Order shall include, as applicable, a detailed description of the claim, including the change in the scope of the Agreement, the extension of time sought and specific justification for the amount of time sought, and a detailed statement of the increased costs to be incurred in carrying out the change.

4. Key Personnel

All of Contractor's personnel identified in the successful proposal shall be considered essential to performance hereunder. No removal or substitution of Key Personnel shall be made without advance written notice to VELCO. Personnel employed shall possess skills required for performance of Contractor's obligations under the Agreement.

5. Gratuities

Contractor and its employees, agents or subcontractors shall not offer or give to an officer, employee or agent of VELCO any services, gifts, entertainment, payments, loans or other special favors which might appear to be offered to influence or possibly influence the award of a contract or to obtain favorable treatment under the Agreement or another contract with VELCO.

6. Confidential Information

(a) The term 'Confidential Information' as used herein shall mean all information relating to the Work and any process, technology or system relating thereto, and any information that relates

to VELCO's research, development, trade secrets or VELCO's business and affairs, which Contractor directly or indirectly receives or acquires from or anyone on behalf of VELCO, either in writing or verbally, or through observation of the Work, except information falling into any one of the following categories: (i) information which was in Contractor's possession on a non-confidential basis prior to Contractor's receipt or acquisition thereof from VELCO; (ii) information which is lawfully in the public domain at the time of Contractor's receipt or acquisition thereof from VELCO, other than through the process of tendering for or performing the Work; (iii) information which, after Contractor's receipt or acquisition thereof from VELCO as aforesaid, becomes part of the public domain through no act of Contractor or of any third party under an obligation of confidence with respect to such information, but only after such information becomes part of the public domain; and (iv) information which, after Contractor's receipt or acquisition thereof from VELCO, is lawfully obtained by Contractor from a third party, but only after such information is so received or acquired, and provided such third party is under no obligation of confidence with respect to such information.

(b) Contractor shall keep all Confidential Information in confidence and shall not disclose it to others without the prior written approval of VELCO. Contractor shall not use the Confidential Information, except in performance of the Work. Contractor shall not disclose the Agreement and components thereof to others without the prior written approval of VELCO, except as necessary to perform the Work.

(c) Notwithstanding Paragraph 6(b) hereof, Contractor may disclose Confidential Information to those of its employees, subcontractors and suppliers and their respective employees to whom disclosure is required in order for Contractor to perform the Work, provided Contractor shall ensure that its employees and agents comply with, and shall contractually require its subcontractors and suppliers and their respective employees and agents to comply with Paragraph 6(b) hereof.

7. Publicity

Except as specifically required for the performance of the Agreement, Contractor shall not, without VELCO's prior written consent, advertise or publicize (i) the fact that Contractor has entered into the Agreement, or (ii) any facts or circumstances concerning any aspect of the Work under the Agreement. In addition, neither Contractor nor its subcontractors nor their respective agents shall use VELCO's name, photographs, logos, trademarks or other identifying characteristics.

8. Audit

VELCO reserves the right, and Contractor shall allow VELCO, to audit, or cause to have audited, any and all items related to aspects of the Agreement to assure Contractor's compliance therewith. These items include property, books and records, including computerized data files, related to all terms, proposals and performance under the Agreement. When requested by VELCO, Contractor shall provide VELCO with access to personnel, property and records necessary to effect VELCO's audit or audits hereunder. Subject to other provisions of the Agreement that may provide for Contractor to furnish supporting documentation to VELCO, "access" pursuant to this Paragraph 9 contemplates audits on Contractor's premises during normal business hours. VELCO's auditors may copy any document that can be properly audited hereunder, provided that any copies will be used only for VELCO's purposes hereunder and will not be disclosed to unrelated third parties,

except as required by law. VELCO shall be permitted identical audit rights in any subcontract made by Contractor for work hereunder, and Contractor shall cause the inclusion of this Paragraph 9 in all such subcontracts. Contractor shall notify VELCO of potential subcontractors so that VELCO may contact such subcontractors for a pre-agreement consultation to discuss record keeping procedures and audit measures.

9. Adequate Assurance of Future Performance

VELCO shall have the right from time to time and at any time to require Contractor to provide VELCO with adequate assurance that Contractor will perform its obligations in a timely fashion in accordance with the Agreement. Should VELCO request Contractor to provide adequate assurance of future performance, Contractor shall, within three business days of said request, provide VELCO such assurance in writing. VELCO shall be entitled to treat the failure of Contractor to provide such assurances in writing within three days of the request as a repudiation of the Agreement, and VELCO may terminate for Default under Paragraph 15 of these General Conditions.

10. Conditions of work

Neither VELCO nor the VSPC nor any of its members assumes any responsibility for any conclusions or interpretations made by Contractor based on any information or data VELCO, the VSPC or its members make available during this project, except to the extent that such information is erroneous and is not readily verifiable by Contractor. VELCO, the VSPC and its members assume no responsibility for any understandings reached or representations made before the effective date of the Agreement concerning conditions that can affect the Work, unless such understandings or representations are expressly stated in the Agreement.

11. Payment

Except as may otherwise be provided in Schedule A to the Agreement, payments pursuant to the Agreement will be made within thirty days after receipt of an invoice with appropriate supporting documentation or thirty days after completion of the Work (or portions thereof, if applicable), whichever is later, as provided in Schedule A to the Agreement. Notwithstanding the foregoing, VELCO may set off claims and withhold the whole or part of any invoice to such extent as may be necessary to protect it from loss on account of:

- a) Defective Work;
- b) Third party claims filed or reasonable evidence indicating probable filing of such claims for which Contractor may be responsible under the Agreement;
- c) Failure of the Contractor to make payments due to subcontractors, material suppliers or employees;
- d) Reasonable indication that the Work will not be completed within the time provided in Schedule A to the Agreement;
- e) Unsatisfactory prosecution of the Work by the Contractor;
- f) Invoicing which is incorrect, unsubstantiated or unsupported;

- g) Overcharges in violation of the terms and conditions of the Agreement; or
- h) Any other claim or charge VELCO may have against Contractor.

12. Taxes

Except as otherwise provided herein, all taxes not expressly imposed by law on VELCO are included in the Price. Without limiting the generality of the foregoing, the Contractor shall collect and remit to the appropriate taxing authority all taxes, levies, duties and assessments of every nature due in connection with the Work under the Agreement, shall make any and all payroll deductions and withholdings required by law.

13. Force Majeure

Contractor shall not be liable for failure or delay in performance due to any cause beyond the reasonable control of Contractor (a "Force Majeure Event"); provided that the Contractor shall have (i) used its best efforts to avoid such Force Majeure Event and to minimize the impact of same on VELCO and (ii) rendered to VELCO prompt written notice thereof when first discovered, fully describing its probable effect and duration. The term "Force Majeure" shall include, but not be limited to, acts of God or the public enemy; expropriation or confiscation; war, rebellion, civil disturbances, sabotage, and riots; strikes or other labor disputes that are not due to the breach of any labor agreement by the affected party hereunder; inability to obtain any local, state or federal governmental approval due to actions or omissions by any such governmental authority that were not voluntarily induced or promoted by the affected party hereunder; and floods or unusually severe weather that could not have been reasonably anticipated, fires, explosions, and earthquakes, and other similar occurrences. Force Majeure shall not include economic hardship, changes in market conditions or delays attributable to and within the control of the Contractor's suppliers or subcontractors of any tier. In the event of a Force Majeure Event, VELCO shall (i) have the right, at its option and without liability to Contractor, to cancel by written notice to Contractor any portion or portions of Contractor's performance so affected; (ii) be excused from strict time of performance requirements that are impeded by the Force Majeure Event, and (iii) may take such other action as VELCO deems necessary. VELCO may, after ascertaining the facts and the extent of the delay, extend the time for completing performance when the facts so justify and amend Schedule A to the Agreement accordingly by Change Order.

14. Warranty

a) Quality

Contractor warrants that the Work provided hereunder will conform with the professional standards of care and practice appropriate to the nature of the technical and professional services rendered, and that the Work shall be free from material defects, errors or omissions and otherwise in conformity with the terms and conditions of the Agreement. Personnel
Warranty

Contractor warrants that it will provide highly qualified, knowledgeable, experienced and competent personnel, effectively supervised, to perform the Work. The names and backgrounds of said professionals shall be provided to VELCO upon request.

b) Infringement

Contractor warrants that the Work will not infringe any patent, trademark, copyright or other proprietary interest. Without limiting any other remedies VELCO may have, Contractor shall defend (at VELCO's option), indemnify and hold harmless VELCO from all claims, suits or proceedings made or brought against VELCO so far as such claims, suits or proceedings are based on any claim or allegation that use of the Work constitutes an infringement of any patent, trademark, copyright or other proprietary interest, and Contractor shall pay all damages, costs and expenses, including reasonable attorneys' fees, in connection with any such claims, suits or proceedings.

c) Compliance with Law

Contractor represents, warrants and covenants that its performance of the Work, and the Work itself shall comply with all applicable laws, statutes, ordinances, rules, regulations and orders enacted by or promulgated by foreign, international, federal, state, municipal or other governmental authority, including but not limited to, those relating to importation, safety, employment, employment opportunity, the environment, taxes (including, but not limited to, the obligations under Paragraph 14 herein) and withholding, and labor ("Legal Requirements").

d) Payment or Acceptance

No acceptance, final payment or use of the Work by VELCO shall relieve the Contractor of any responsibility for failure to meet the warranties made in the Agreement.

e) Breach of Warranty

If the Work is defective or does not otherwise comply with the foregoing warranties, and VELCO gives Contractor notice of such noncompliance for any identified Work provided by Contractor within five years after final acceptance or such longer period as specified in the Agreement, then Contractor shall, at its sole expense, promptly take Corrective Action

f) Cumulative Remedies

Each of VELCO's rights and remedies under the Agreement shall be cumulative and additional to any other or further rights or remedies provided in law or equity or otherwise.

g) Subcontractors

Contractor's subcontractors shall be bound by the warranties provided herein with respect to portions of the Work furnished by them.

15. Termination

a) Events of Default

The occurrence of any of the following shall constitute an event of default under the Agreement (an "Event of Default"), upon which VELCO may by written notice to Contractor, and without prejudice to any other right or remedy available to VELCO, terminate the Agreement for default ("Default"):

- i. Failure of Contractor to perform its obligations in the manner or within the time provided within the time provided in Schedule A to the Agreement, or as may be modified or extended by VELCO pursuant to a Change Order;

- ii. Failure of Contractor to supply sufficient skilled personnel to permit it to meet the schedule set forth in Schedule A to the Agreement;
- iii. Failure of Contractor to provide adequate assurance of future performance when requested by VELCO;
- iv. Contractor engages in behavior that is dishonest, fraudulent or constitutes a conflict of interest with its obligations under the Agreement;
- v. Contractor is adjudged bankrupt or insolvent;
- vi. Contractor makes a general assignment for the benefit of its creditors;
- vii. A trustee or receiver is appointed for Contractor or for any of Contractor's property;
- viii. Contractor files a petition to take advantage of any bankruptcy or insolvency law; or
- ix. Failure of Contractor to comply with any other provision of the Agreement.

b) Notice, Opportunity to Cure and Right to Terminate

Upon the occurrence of any of the foregoing, VELCO may notify the Contractor in writing of the nature of the Event of Default and of its intention to terminate the Agreement for Default. If the Contractor does not cure such Default within fourteen days from receipt of notification, or fails to provide satisfactory evidence that such Default will be corrected within a reasonable time, VELCO may, by written notice to the Contractor terminate the Agreement for Default. Notwithstanding the foregoing, with respect to Paragraph 15(a)(iii) above, VELCO may invoke the provisions of Section 9 hereof and terminate for Default.

c) Contractor's Obligations Upon Termination for Default

In case of a termination for Default, the Contractor shall be liable for all costs in excess of the Contract Price for such terminated Work reasonably and necessarily incurred in the completion of the Work, including cost of administration of any purchase order or subcontract awarded to others for completion of same. Upon VELCO's termination for Default, the Contractor shall:

- i. Immediately discontinue Work on the date specified in the notice and place no further purchase orders or subcontracts to the extent that they relate to the terminated Work;
- ii. Promptly obtain cancellation upon terms satisfactory to VELCO of all subcontracts, or any other agreements existing for performance of the terminated Work or assign those agreements as directed by VELCO;
- iii. Cooperate with VELCO in the transfer of data, information and disposition of Work in progress so as to mitigate damages; and
- iv. Comply with other reasonable requests from VELCO regarding the terminated Work.

d) Limitation of Remedy

In the event VELCO terminates the Agreement for Default, VELCO shall have no liability to Contractor except for Work satisfactorily completed prior to termination. Without limiting any

other remedies it might have, VELCO may take possession of the Work in process or VELCO may procure, upon such terms and in such a manner as VELCO may deem appropriate, services similar to those so terminated. Contractor shall be liable to VELCO for any extra costs incurred to obtain substitute performance of the terminated Work and for any costs to finish or replace any of the Work made necessary or expedient by the Event of Default, provided however, that Contractor shall continue the performance of the Agreement to the extent not terminated.

e) Rights of VELCO not Affected

If VELCO has terminated the Agreement for Default, such termination shall not affect any right of VELCO against Contractor then existing or which may thereafter accrue. In addition, VELCO may exercise any rights, claims or demands which Contractor may have against third parties in connection with the Agreement and for such purposes Contractor does hereby assign, transfer, and set over unto VELCO all such rights, claims, and demands, to the extent that Contractor is able to assign, transfer and set over unto VELCO all such rights, claims and demands without prior consent of the respective third parties. Any retention or payment of monies by VELCO due Contractor will not release Contractor from compliance with the Agreement.

f) Termination for Convenience.

VELCO may, by written or telephone notice, terminate performance under the Agreement in whole, or from time to time in part, for any reason, including its convenience. Upon termination in whole, the obligations under the Agreement shall be terminated except as to the Paragraphs herein headed "Warranty", "Indemnification", "Insurance", "Technical Materials", "Confidential Information", and "Inspection". In such event, Contractor shall waive any claims for damages, including loss of anticipated profits on account thereof, but as the sole right and remedy of the Contractor, the Purchaser shall make payment to the Contractor for all cost incurred prior to such termination reasonably allocable to this Agreement under recognized accounting practice, plus a reasonable allowance for direct overhead for Work completed, less disposal or retention value of termination inventory and any amounts previously paid by VELCO. No payment for indirect overhead or profit will be made. This right of termination shall be in addition to any other remedies VELCO may have.

16. Indemnification.

Contractor shall, at its sole expense, defend (at VELCO's option), indemnify and hold harmless VELCO, the VSPC, their directors, officers, agents and employees (collectively, the "Indemnitee"), from and against all claims, causes of action, suits, losses and damages (including attorneys' fees, costs, and the cost of attaining compliance with the Legal Requirements) (the "Liabilities"), and from threatened loss or expense by reason of Liabilities, to the extent such Liabilities may arise, in whole or in part, from or out of the performance of the Work, the performance of the Agreement, or any breach or default thereunder, except to the extent, if any, resulting from the negligent or wrongful act or omission of the Indemnitee, and including, but not limited to:

- i. Liabilities that arise, in whole or in part, as a result of the actions, neglect, or omissions of Contractor, its agents, employees, or Subcontractors; provided, however, that Contractor shall not be liable to defend against nor indemnify for Liabilities that arise from the negligence or wrongful act or omission of the Indemnitee or its subcontractors,

provided that Contractor would not otherwise be vicariously or legally liable for such Liabilities in the absence of this Paragraph 16;

- ii. Liabilities due to violations of the Legal Requirements by Contractor or any of Contractor's agents, employees or Subcontractors;
- iii. Liabilities arising out of property damage, bodily or personal injury caused to VELCO or others;
- v. Liabilities alleged in suits or actions brought by any person or persons for or on account of any such injuries or damages whether actual or alleged; and
- vi. Liabilities occasioned by Contractor's failure to provide notices to parties of rights under Legal Requirements in a timely and correct manner.

17. Insurance

Contractor shall purchase and maintain such insurance as will protect and Contractor and VELCO, including insurance sufficient to insure Contractor's indemnification obligations hereunder. At a minimum, Contractor shall obtain and maintain throughout the term of the Agreement, the following insurance coverage:

a) Workers' Compensation/Employers' Liability

Statutory requirements for the State of Vermont, the location where performance occurs or both, if obligations arise in both, but in no event less than \$1,000,000.

b) Comprehensive Automobile Liability

Combined Single Limit for Bodily Injury and Property Damage for owned, non-owned and hired automobiles of not less than \$1,000,000.

c) Comprehensive General Liability

Combined Single Limit for Bodily Injury, Property Damage, Personal Injury/Advertising Injury, to include Blanket Contractual Coverage, Products/Completed Operations of not less than \$1,000,000 per occurrence and per project or site where the Work is to be performed hereunder.

d) Umbrella Liability

Combined Single Limit - Excess of Primary Limits - \$5,000,000. These limits apply to all of the above-mentioned policies.

The foregoing policies shall be purchased and maintained with a company or companies lawfully authorized to do business in the State of Vermont. VELCO reserves the right to require Contractor to provide and maintain additional coverage in the event that the process of performing the Work involves unusual risks. Contractor shall secure endorsements to its Comprehensive General Liability and Umbrella Policies that name VELCO as an additional insured for purposes of the Agreement, the indemnity provisions of the Agreement and all claims that may arise thereunder and/or out of the Work. Contractor shall maintain such coverage for a period of not less than five years from the date of completion of the Work. Contractor shall also obtain certificates and/or

endorsements which shall provide that no insurance policy required hereunder shall be canceled or allowed to expire or its limits in any manner reduced without at least thirty days prior written notice to VELCO. To the fullest extent allowable under all policies and under law, Contractor and its insurers hereby waive all rights of subrogation against VELCO and directors, officers, employees, agents and representatives. Contractor shall also furnish to VELCO certificates of insurance as evidence of required coverage and waiver of subrogation endorsements. Failure by Contractor to obtain and maintain the required insurance or to provide required certificates and endorsements shall constitute a breach of the Agreement, and Contractor will be liable for any and all costs, liabilities, damages and penalties (including attorneys' fees and court and settlement expenses) resulting to VELCO from such breach.

18. Equal Opportunity Employment

Contractor shall not discriminate against any employee or applicant for employment because of race, color, religion, national origin, sex, sexual orientation, ancestry, place of birth, age or physical or mental condition. Contractor shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, national origin, sex, sexual orientation, ancestry, place of birth, age or physical or mental condition. Contractor shall comply with all applicable labor and employment laws and regulations, including, without limitation, (i) Executive Order 11246, as amended, (ii) the rules, regulations and orders of the Secretary of Labor, (iii) the rules, regulations and relevant orders issued under the Vietnam Era Veterans' Readjustment Assistance Act of 1972, as amended (38 U.S.C. §4211 and §4212) and (iv) the rules, regulations and relevant orders issued under the Rehabilitation Act of 1973 (29 U.S.C. §793, as amended). Contractor shall post in conspicuous places available to employees and applicants for employment written notices that explain this Paragraph 20. Contractor shall, in all solicitations or advertisements for employees placed by or on behalf of Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, national origin, sex, sexual orientation, ancestry, place of birth, age or physical or mental condition. Contractor shall include the requirements of this Paragraph 20 in every subcontract.

19. Applicable Law

The Agreement is made under and shall be governed by and construed under the laws of the State of Vermont, without regard to principles of conflicts of laws. Any litigation relating to the subject matter hereof shall be initiated and maintained exclusively in the courts of the State of Vermont, to include the federal district court sitting in Vermont, which courts shall have exclusive jurisdiction. Each party submits to the personal jurisdiction of Vermont's courts and agrees to accept service of process by certified mail, return receipt requested, when mailed to the addresses set forth at the head of the Agreement.

20. Assignment

Contractor shall not assign its rights or subcontract any of its obligations under the Agreement without the prior written consent of VELCO. VELCO's consent to an assignment by Contractor shall not operate to release Contractor from any obligations under the Agreement. Any assignment by Contractor without the prior written consent of VELCO shall be null and void.

21. Waiver

In addition to any other provisions in the Agreement concerning waiver, no waiver of any covenant or condition of the Agreement shall be effective for any purpose whatsoever unless it is in writing. Without limiting the generality of the foregoing, VELCO's failure to insist, in one or more instances, upon strict performance of any provision of the Agreement, or its failure or delay in taking advantage of any of its rights or remedies hereunder, or its failure to notify Contractor of any breach, violation or Default, shall not be construed as a waiver by VELCO of any such performance, provision, rights, remedies, breach, violation or Default, either then or in the future.

22. Severability

In the event any provision of the Agreement shall be determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect under applicable law, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

23. Notices

All notices to VELCO shall be in writing and shall be sent by electronic mail and first class, postage prepaid to:

First class mail address:

Vermont Electric Power Company Inc.
366 Pinnacle Ridge Road
Rutland, VT 05701
Attention: Deena Frankel

Electronic mail address:

dfrankel@velco.com

Notices to Contractor shall be sent to the address indicated on the first page of the Agreement or such other address agreed to by the parties.

24. Headings

Headings within the Agreement and the schedules hereto are for convenience only and shall not limit the scope and applicability of any provision of the Agreement.

25. Successor and Assigns

All of the covenants and agreements herein contained on the part of VELCO and Contractor shall apply and inure to the benefit of, and be binding upon, their respective legal representatives, successors and assigns.

ATTACHMENT A
TREATMENT OF ENVIRONMENTAL EXTERNALITIES IN THE
VERMONT SOCIETAL COST EFFECTIVENESS TEST

The purpose of this attachment is to make the bidder aware of the complexity of applying the societal test in Vermont to customer sited generation and combine heat and power projects. It is not intended to be a detailed explanation on the topic. The Department of Public Service will meet with the successful bidder to ensure that they have a thorough understanding about how to address externalities prior to screening generation and CHP projects using the societal test.

When screening generation and CHP projects using the Vermont societal cost effectiveness test environmental externalities need to be considered. Each fuel listed below has both a cash cost and an environmental cost which must be accounted for in screening projects and evaluating the cost-benefit of programs and measures. The environmental externality values to be used in the analysis by the contractor will be the same that are used by Efficiency Vermont (“EVT”) when screening energy efficiency measures. These values can be found in the Vermont Statewide Field Screening Tool. However, the application of those values may vary from the methodology used to evaluate electrical efficiency measures. The application of these values will also vary depending on the type of generation technology being considered.

The default externality value now being used for grid generated electricity is approximately \$0.01/kWh. This value reflects line losses and between the grid generation source and customers meter.

The externality values assigned to the different fuels in Vermont are:

Distillate Fuel	\$1.94/MMBtu
Natural Gas	\$1.22/MMBtu
Propane	\$1.47/MMBtu
Kerosene	\$1.94/MMBtu
Wood	\$0.00/MMBtu

To determine the externality value in \$/kWh the generator’s heat rate would need to be applied and for CHP applications the displaced thermal fuel consumption would need to be accounted for.

For most renewable technologies such a wind and solar the value would be \$0.00/kWh